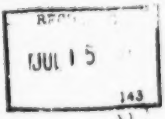
0-33078

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549



FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

92-22364

For Quarter Ended May 31, 1992 Commission File Number 0-13050

CONGRESS STREET PROPERTIES, INC.
(Exact name of Registrant as specified in its charter)

Delaware	64-0690314
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

300 One Jackson Place
188 East Capitol Street
P. O. Box 22728
Jackson, Mississippi 39225-2728
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (601)948-4091

Former name, former address and former fiscal year,
if changed since last report

Indicate by check mark whether the registrant (a) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO

1,283,305 shares of common stock ($.10 par value) including 207,896 shares of common stock held in treasury.

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CONGRESS STREET PROPERTIES, INC.

FORM 10-Q

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Consolidated Balance Sheets
(In thousands)

	May 31, 1992 (Unaudited)	August 31, 1991
Assets		
Real estate investments:		
Real estate companies	$10,390	12,211
Real estate owned: Non-earning	447	447
Real estate partnerships	(726)	(588)
Less allowance for possible losses	(126)	(126)
	9,985	11,944
Notes and mortgage loans receivable	32	32
Cash	36	27
Other	160	184
	$10,213	12,187
Liabilities and Shareholders' Equity		
Liabilities		
Note payable to bank	$ 1,471	1,625
Note payable to affiliate	405	250
Amounts payable to affiliate, net	107	13
Deferred gain	106	823
Deferred income taxes	33	106
Other liabilities	109	105
	2,231	2,922
Shareholders' Equity		
Common Stock, $.10 par value, authorized - 3,000,000 shares; issued and outstanding - 1,283,305 shares	128	128
Capital in excess of par value	12,818	12,818
Deficit	(3,442)	(2,087)
	9,504	10,859
Less: Treasury shares at cost - 207,896 shares in 1992 and 1991	(1,519)	(1,519)
Unrealized loss on securities	(3)	(75)
	7,982	9,265
	$10,213	12,187

See notes to consolidated financial statements

Consolidated Statements of Operations And Deficit (Unaudited)
(In thousands, except per share data)

	Three Months Ended May 31,		Nine Months Ended May 31,	
	1992	1991	1992	1991
Income:				
Equity in losses of real estate companies	$ (661)	(770)	(700)	(519)
Equity in losses of partnerships	(86)	(112)	(293)	(359)
Loss on securities	(853)	-	(853)	-
Interest	7	7	21	18
Other income	5	1	5	4
	(1,588)	(874)	(1,820)	(856)
Expenses:				
Interest	39	45	117	132
General and administrative	66	44	173	178
Real estate owned expenses	-	-	1	6
	105	89	291	316
Loss before income taxes, gain on sale of real estate	(1,693)	(963)	(2,111)	(1,172)
Income tax benefit	95	44	73	53
Loss before gain on sale of real estate	(1,598)	(919)	(2,038)	(1,119)
Gain on sale of real estate investment	-	-	683	16
Net Loss	(1,598)	(919)	(1,355)	(1,103)
Deficit at beginning of period	(1,844)	(429)	(2,087)	(245)
Deficit at end of period	$ (3,442)	(1,348)	(3,442)	(1,348)
Loss per share:				
Loss from operations	$ (1.49)	(.85)	(1.90)	(1.03)
Gain on sale of real estate	-	-	.64	-
Net Loss	$ (1.49)	(.85)	(1.26)	(1.03)
Weighted average outstanding shares	1,075,409	1,075,409	1,075,409	1,075,409

See notes to consolidated financial statements

Consolidated Statements Of Cash Flows (Unaudited)
(In thousands)

	Nine Months Ended May 31,	
	1992	1991
Operating Activities:		
Net loss	$(1,355)	(1,103)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	-	1
Equity in losses of real estate companies and partnerships	993	878
Loss on securities	853	
Dividends received from real estate companies	340	339
Gain on real estate sold	(683)	(16)
Deferred income taxes	(73)	(64)
Changes in operating assets and liabilities:		
Decrease in other assets and receivables	24	26
Increase in accounts payable and accrued expenses	98	20
Net cash provided by operating activities	197	81
Investing Activities:		
Increase (decrease) in deferred gain	(34)	78
Proceeds from real estate sold	-	147
Advances to partnerships	(155)	(217)
Mortgage loan collections	-	3
Net cash provided by investing activities	(189)	11
Financing Activities:		
Proceeds from line of credit	1,352	1,658
Proceeds from notes payable to affiliate	170	250
Principal payments on line of credit	(1,506)	(1,671)
Principal payments on notes payable to affiliate	(15)	(352)
Net cash used by financing activities	1	(115)
Increase (decrease) in cash	9	(23)
Cash and cash equivalents at beginning of period	27	44
Cash and cash equivalents at end of period	$ 36	21

See notes to consolidated financial statements

NOTE A - BASIS OF PRESENTATION

The accompanying financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the results for the interim periods presented. The financial statements should be read in conjunction with the annual report and the notes thereto.

NOTE B - INVESTMENTS IN REAL ESTATE COMPANIES AND PARTNERSHIPS

A writedown of $853,000 was recorded at May 31, 1992 to reduce the Company's stock investment in Rockwood to zero due to the court decision against Rockwood (see Note C) and the minimal market value of this investment at May 31, 1992.

Investments in real estate companies consist of:

	May 31, 1992		
Equity Method Investee	Ownership Percentage	Investment (In thousands)	Market Value
The Parkway Company	44.92%	$10,189	$ 3,190
Rockwood National Corporation	9.44%	-	58
Eastover Bank for Savings	.1%	201	(a)
		$10,390	

(a) As disclosed previously, the two market makers for Eastover Bank stopped quoting markets on the NASDAC system in December 1988.

Equity in losses of Rockwood are no longer being recorded due to the writedown of the stock investment in Rockwood discussed previously.

The condensed unaudited statements of income from which the Company has recorded its equity in losses of real estate companies are as follows:

	Nine Months Ended (In thousands) Parkway Mar. 31 1992	Six Months Ended (In thousands) Rockwood Dec. 31 1991
Revenues	$ 3,057	$ 497
Expenses	(5,480)	(993)
Income tax expense	(14)	-
Net loss	$(2,437)	$ (496)
Equity in losses recorded by Congress Street	$ (624)	$ (47)

NOTE C - SUBSEQUENT EVENTS

Rockwood, an equity method investee of the Company, is a defendant in class action and other litigation which relates to the debentures of a former subsidiary of Rockwood. The total principal amount of the debentures involved in the litigation is $6,331,000. The plaintiffs in the litigation are seeking an unspecified amount of actual damages plus punitive damages and treble damages under the Racketeer Influenced and Corrupt Organizations Act. On September 4, 1990, the District Court ruled that the plaintiffs' claims against Rockwood were barred by the applicable statutes of limitation. The plaintiffs appealed the District Court decision to the United States Court of Appeals for the Second Circuit. On January 6, 1992, the Second Circuit reversed the decision by the District Court. The Second Circuit's decision also holds that Rockwood is liable as successor to Computer under the terms of the indentures for the unpaid principal amount of, and all accrued interest upon, the debentures at issue in these lawsuits.

Rockwood has no funds available with which to pay any judgement that would be rendered against it in these lawsuits. Rockwood is currently negotiating with the Plaintiffs in the lawsuits to settle the claims against Rockwood in exchange for securities of Rockwood and a small amount of cash. There can be no assurance that Rockwood will be able to reach an agreement with the Plaintiffs and, in the event no such agreement is reached, Rockwood may be forced to seek protection from its creditors under the United States Bankruptcy Code.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FINANCIAL CONDITION

(Comments are for the consolidated balance sheet dated May 31, 1992 compared to the consolidated balance sheet dated August 31, 1991).

Assets of the Company declined to $10,213,000 at May 31, 1992, compared to $12,187,000 at August 31, 1991. The investments in real estate companies decreased $1,821,000 due to equity in losses of $700,000 and by dividends received of $340,000 offset by a decrease in the unrealized loss on securities of $72,000.

A writedown of $853,000 was made at May 31, 1992 to reduce the Company's stock investment in Rockwood to zero. Rockwood, an equity method investee of the Company, is a defendant in class action and other litigation which related to the debentures of a former subsidiary of Rockwood. On September 4, 1990, the District Court ruled that the Plaintiff's claims against Rockwood were barred by the applicable statue of limitation. The Plaintiffs appealed the District Court decision to the United States Court of Appeals for the Second Circuit. On January 6, 1992, the Court of Appeals reversed the decision by the District Court and held that Rockwood is liable as successor to its former subsidiary under the terms of the indentures for the unpaid principal amount of and all accrued interest upon the debentures at issue in these lawsuits. The writedown of the Company's stock investment in Rockwood was recorded due to this court decision and the minimal market value of Rockwood at May 31, 1992.

The deferred gain from the sale of Eastover Bank Building decreased $717,000. The Company had deferred approximately $827,000 due to several contingencies on the sale of the building at August 31, 1990. The Company had guaranteed $41,000 per month of net operating income which expired on January 31, 1992. After that contingency expired, the Company was able to recognize $683,000 of deferred gain. The remainder of the deferred gain will be recognized upon the maturity of the capital improvement line of credit.

Real estate partnerships decreased $138,000 due to losses recorded from One Place Partners of $293,000 offset by net advances of $155,000.

RESULTS OF OPERATIONS

(Comments are for the three months and nine months ended May 31, 1992, compared to the three months and nine months ended May 31, 1991.)

Equity in earnings (losses), for the comparison periods are as follows:

	Nine Months Ended May 31,	
Company	1992	1991
The Parkway Company	$(624,000)	$ 58,000
Rockwood National Corp.	(47,000)	(561,000)
Eastover Bank for Savings	(29,000)	(16,000)
	$(700,000)	$(519,000)

Equity in losses of Rockwood are no longer being recorded due to the $853,000 writedown of the stock investment in Rockwood discussed previously. The Parkway Company also recorded a $2,151,000 writedown of their investment in Rockwood during March 1992. This writedown accounted for the majority of the equity loss of $624,000 recorded on Parkway operations by Congress Street.

Equity in losses of the real estate partnership, One Place Partners for the nine months ended May 31, 1992 and 1991 were $293,000 and $356,000, respectively.

A gain of $683,000 was recognized from the deferred gain from the sale of the Eastover Bank Building as previously discussed.

LIQUIDITY AND CAPITAL RESOURCES

Sources of funds for the nine month period ended May 31, 1992 were dividends from investments in real estate companies and proceeds from borrowings. Operating expenses, interest expense, and repayment of bank debt utilized the majority of the funds generated.

The Company's cash needs are in three major areas; general and administrative expenses, which are expected to be funded from the dividends received from Parkway, capital advances to the One Place Partners partnership, which are expected to be funded from borrowings from Parkway, and the unfunded capital improvement line on the Eastover Bank Building, which is expected to be funded from a line of credit with a bank.

At May 31, 1992, the Company had $36,000 in cash and $29,000 available for future cash needs under the existing $1,500,000 line of credit, which matures July 31, 1992. Management reasonably believes that it will be able to maintain current bank financing, and the credit available to it and along with dividends from Parkway, is expected to meet the Company's projected cash needs.

CONGRESS STREET PROPERTIES, INC.

PART II. OTHER INFORMATION

Item 5. Other Information

During the period the following documents were filed by Registrant or others on its behalf:

Company	Document Filed
None	None

Item 6. Exhibits and reports on Form 8-K

No exhibits or reports on Form 8-K were filed during the reporting period.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DATED: June 14, 1992

CONGRESS STREET PROPERTIES, INC.

BY: Susan D. Egger
Susan D. Egger
Controller

BY: Sarah P. Clark
Sarah P. Clark
Vice-President